

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 DODE-00 NSAE-00 TRSE-00
SOE-02 DOE-11 CIAE-00 COME-00 USIE-00 SS-15 SSO-00
NSCE-00 SP-02 OES-07 PM-05 L-03 /066 W
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O 131159Z MAR 78

FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC IMMEDIATE 3273

C O N F I D E N T I A L SECTION 1 OF 2 STOCKHOLM 1001

E.O. 11652: GDS

TAGS: ESTC, SW

SUBJ: EXPORT CONTROLS

REF: STATE 60173

1. BECAUSE THE DEPARTMENT'S LAST MESSAGE ARRIVED SHORTLY AFTER THE AMBASSADOR'S DEPARTURE, AND COINCIDENT WITH THE START OF A POST INSPECTION, TIME DID NOT SUFFICE TO DISCUSS THE EXPORT CONTROLS/NUCON 400 MATTER AS THOROUGHLY AS THE SUBJECT DESERVES. SINCE THE AMBASSADOR HAS STRESSED BOTH THE SENSITIVITY AND THE IMPORTANCE OF THIS MATTER FROM THE OUTSET. WE FEEL SURE THAT HE WILL BE DISCUSSING IT DURING HIS CONSULTATION, AND WE OFFER THE FOLLOWING THOUGHTS AS BACKGROUND TO THOSE DISCUSSIONS. WE BELIEVE THE FOLLOWING ADHERES CLOSELY TO THE AMBASSADOR'S POSITION DEVELOPED DURING MANY EXAMINATIONS OF THE SUBJECT, BUT IF THERE ARE DIFFERENCES HE WILL OF COURSE MAKE THEM CLEAR.

2. SO THAT THE TREE DOES NOT OBSCURE THE FOREST, LET US SET DOWN THE PRIME US INTEREST IN THIS MATTER AS WE SEE IT; TO ELICIT LONG-TERM SWEDISH COOPERATION IN MANAGING EXPORTS TO THE COMMUNIST COUNTRIES, SO THAT NO UNDUE TECHNOLOGICAL ADVANTAGES ARE GIVEN TO THE RUSSIANS AND THEIR CLIENTS. OUR HOPE IS THAT THE NEUTRAL MEMBERS OF THE WESTERN FAMILY --
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PARTICULARLY SWEDEN, SWITZERLAND, AND AUSTRIA--WILL BE PERSUADED TO POLICE THEIR OWN EXPORTS AND VOLUNTARILY TO OBSERVE SOMETHING AKIN TO COCOM RULES. OUR PRESSURE POINTS, IF IT COMES TO THAT, IS THE THREAT OF LIMITING THE SUPPLY OF VITALLY NEEDED US TECHNOLOGY AND COMPONENTS TO THE NEUTRALS THEMSELVES. BUT IT IS PLAIN THAT IF WE COME TO THE POINT OF APPLYING THAT KIND OF PRESSURE VERY HEAVILY, WE SHALL HAVE LOST THE VOLUN-

TARY COOPERATION ON WHICH OUR LARGER INTERESTS DEPEND.

3. THE EMBASSY HAS MADE CLEAR ALL ALONG OUR INTEREST IN DISCUSSING EXPORT CONTROLS WITH THE SWEDES, AND OUR BELIEF THAT THEY WOULD BE COOPERATIVE. THE POINT AT ISSUE HAS BEEN WHETHER TO RAISE THE ASEA NUCON 400. WE SAID NO, BECAUSE THE SWEDES ASSURED US THAT THIS WAS A SWEDISH PRODUCT, NOT SUBJECT TO US EXPORT CONTROLS, AND SINCE THE CONTRACT WITH POLAND WAS SIGNED THEY DID NOT WISH TO SUBJECT THE SALE TO INTER-GOVERNMENTAL DISCUSSION. THE DEPARTMENT SAID YES, NOT APPARENTLY AS A MATTER OF PRINCIPLE BUT BECAUSE OF A BELIEF THAT THE NUCON 400 CONTAINS ONE OR MORE US COMPONENTS SUBJECT TO OUR EXPORT CONTROLS. (THE US TECHNICIAN WHO IS THE SOURCE OF THIS BELIEF WAS A VISITOR TO STOCKHOLM LAST SPRING AND SPENT CONSIDERABLE TIME WITH AN EMBASSY OFFICER. NEITHER THEN NOR IN THE EIGHT MONTHS SINCE--WHILE WE DISCUSSED THIS CASE AT HIGH LEVELS, INCLUDING THE AMBASSADOR WITH MINISTER OF INDUSTRY ASLING--DID HE TELL THE EMBASSY OF THIS EVIDENCE. THAT DOES NOT SEEM TO US THE MOST HONORABLE WAY TO CONDUCT US BUSINESS.)

4. THREE POSSIBLE EXPLANATIONS OF THIS DIVERGENCE REGARDING US COMPONENTS PRESENT THEMSELVES, FIRST, THE SWEDISH GOVERNMENT AND ASEA ARE INVOLVED IN A LARGE-SCALE DECEPTION, CONCEALING THE FACT THAT THERE ARE SENSITIVE US COMPONENTS. SECOND, WE HAVE A PROBLEM OF DEFINITION, A GRAY AREA IN WHICH OUR TECHNICIANS SPEAK OF A "CONTROLLED" ITEM OR ITEMS AND THEIR

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TECHNICIANS SPEAK OF "OFF-THE-SHELF" ITEMS, BOTH THINKING THEY ARE RIGHT AND THE OTHER SIDE WRONG. THIRD, THE US TECHNICIAN IS WRONG OR ELSE HIS INFORMATION OUT OF DATE.

5. DESPITE WHAT THE US TECHNICIAN SAID, THIS EMBASSY STANDS BEHIND WHAT OUR SWEDISH FRIENDS HAVE TOLD US ALL ALONG; NO CONTROLLED US COMPONENTS. WE HAVE HAD ASSURANCES FROM HIGH-RANKING, HONORABLE--IN ASEA AND IN THE GOVERNMENT--AND WE DO NOT BELIEVE THEY ARE LYING.

6. SINCE ALL OF US DOING THIS ASSURING ARE NON-TECHNICAL FOLK, THERE REMAINS A GREAT DEAL OF ROOM FOR MISUNDERSTANDING. RULING THE THE FIRST EXPLANATION IN PARA FOUR, THERE IS STILL AMPLE ROOM FOR A SULTION TO THIS DIFFERENCE OF VIEW IN THE OTHER TWO EXPLANTIONS.

7. BECAUSE OF THE SUSPICIONS AROUSED, AND BECAUSE THE US TECHNICIAN HAS AT LAST PUT HIS EVIDENCE BEFORE US, WE BELIEVE THAT IT WOULD BE HEALTHIER, WHEN AMBASSADOR WACHTMEISTER IS CALLED IN TO DISCUSS EXPORT CONTROLS, TO DISCUSS ALSO THE NUCON 400. HOWEVER, WE BELIEVE STRONGLY THAT THE FOLLOWING CONDITIONS SHOULD APPLY:

--FIRST, WE SHOULD RAISE THE NUCON 400 ONLY FOR ISSUSTRATIVE PURPOSES, NOT ASKING THE GOS TO ASK ASEA TO REEXAMINE THE CONTRACT WITH POLAND.

--SECOND, WE SHOULD TELL WACHTMEISTER THAT IF THERE WERE CONTROLLED US COMPONENTS, WE WOULD REVIEW THE CASE CAREFULLY, SINCE WE HAVE CONCERNS ABOUT THE TECHNOLOGY TRANSFER.

--THIRD, SINCE THERE WERE DOUBTS AMONG US TECHNICIANS FAMILIAR WITH THE NUCON 400 ABOUT CERTAIN ITEMS IN IT--PARTICULARLY MICROPROCESSORS--WE WOULD APPRECIATE, IN THE CONTEXT OF GENERAL US-SWEDISH COOPERATION, ANY INFORMATION HE WISHED TO GIVE ABOUT THE MAKEUP OF THE NUCON 400.
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C O N F I D E N T I A L SECTION 2 OF 2 STOCKHOLM 1001

8. WE CAN FORSEE SOME OBJECTIONS TO THESE POINTS, BUT WE BELIEVE THAT UNLESS THEY ARE INCLUDED IN SOME FORM--THAT IS, UNLESS WE BRING THE US TECHNICIAN'S ALLEGATIONS AT LEAST PARTLY INTO THE OPEN--WE RISK DOING SERIOUS HARM TO HOPES FOR US-SWEDISH COOPERATION IN THE AREA OF EXPORT CONTROL AND TECHNOLOGY TRANSFER. WE ACKNOWLEDGE THAT WE CANNOT JUDGE THE IMPORTANCE OF THE LOSS OF TECHNOLOGY INHERENT IN THE NUCON 400 SALE ITSELF; BUT WE FIND IT HARD TO BELIEVE THAT THIS ONE SALE IS CRITICAL ENOUGH TO RISK HURTING HOPES FOR FUTURE

VOLUNTARY COOPERATION IN THE WHOLE SPHERE OF EXPORT CONTROLS.

9. IN FINE, A SHADOW IS BEING CAST ON SWEDISH CREDIBILITY,
AND WE THINK IT IS IN THE US INTEREST TO CLEAR THE MATTER UP
PROMPTLY.
PERRY

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